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Quebec NOTES

WEEKLY COMMENT & ANALYSIS ON THE COMING QUEBEC ELECTION

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Cost of the PQ platform raises concerns

Media Days

Thur. July 28 - Campaign Day 4

- Daniel Johnson says the cost to Quebec of one of the PQ promises, pulling out of shared cost programs with Ottawa, would be $8 billion.
- Jacques Parizeau says the conversations he has had with U-S officials convince him an independent Quebec would be welcome in North America's Free Trade Agreement. Washington officials say no assurances have been given.
- The former Tory MP from Joliette, Roch LaSalle, says he would support Parizeau and separation without a second thought.

Fri., July 29 - Campaign Day 5

- The Parti Québécois veteran Guy Chevrette says it's immoral and indecent that Premier Daniel Johnson renewed the contracts of 32 individuals who work for the government. Chevrette says all those appointed were Liberal Party friends. Johnson says the deals were necessary because six-month notices would have to go to those who would not be rehired.
- The Liberals unveil an annotated version of the already-wordy PQ policy book. The notes take exception with the policies, the interpretation and the historical accuracy of the PQ blueprint for governing.

Sat. July 30 - Campaign Day 6

- A SOM poll puts the Liberals closer to Parti Québécois. The PQ still leads among decided voters 37% to 33%. The undecided however represented 21% of the poll overall -- and 21% among francophones. The poll showed Daniel Johnson preferred more than Jacques Parizeau.
- Richard LeHir, a prestige PQ candidate, is publicly rebuked by Parizeau for saying an independent Quebec

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The cost of the changes associated with the possibility of the election of a Parti Québécois government should form a part of the debate in the campaign now into its second week.

A number of individuals familiar with economic and financial issues have been meeting with Alliance Quebec for some weeks now. We wanted them to help in studying the impact of the policy proposals from the PQ and responding to them.

Their arguments have been condensed under the heading that appear below. All those who took part were satisfied that these arguments covered a range of concerns and that these issues should be brought up as opportunities arise to encourage debate in the campaign.

The potential impact is undeniable. Opinions, far from being held in check, ought to be expressed by those who are in the position to assert them.

Arguments on independence and its effects

I - Quebec and the domestic Canadian Market

Quebec is among the provinces that ships the greatest amount of its manufactured production to other parts of Canada. More than half of our total production sold outside Quebec goes elsewhere in Canada.

II - Quebec benefits from Canadian public finances

In a 1988 study, the Conseil du Patronat revealed that Quebec receives a net benefit of $1 billion from Canada, or $157 per person. By 1991, Infometrica says the net benefit was $382 per person.

III - Any Referendum is a lose-lose proposition for Quebecers

The PQ promise a referendum before June 24, 1995. If Quebecers accept separation, the PQ leader and all other economists expect difficult readjustments. If Quebecers reject the PQ plan, Quebec will have a government without a rudder, whose stated intent is to "start all over".

IV - Canadian Public Servants

There are 53,053 federal government employees (March 1994) who live in Quebec. Each would be an employee of a separate Quebec. Their salaries alone total $2,045,766,671.

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QUESTIONS that are not being asked:

Farming: What of the agricultural agreements Quebec enjoys as part of Canada? How might Quebec farmers expect their markets to change?

Public Service: When the Quebec public servants are joined by their 50,000 federal counterparts whose expertise will be needed and whose will not?

Francization: When the PQ extend francization programs to businesses with 10 employees or more hundreds of thousands of businesses will require more paperwork. At whose expense?

Media Days

could use the U-S dollar instead of the Canadian.

● Another high-profile PQ candidate, Jean Rochon, says a PQ government would restore the high cigarette taxes as a public health charge, just months after taxes were slashed to avoid a confrontation over smuggling.

● Senator Jacques Hébert attacks his former Senate colleague Claude Castonguay for being a wet blanket about Canada and its future. Hébert praises Jean Chrétien for the federal position of not engaging constitutional. Hébert says this policy will ensure that ". . .the Claude Castonguays and other wretched bureaucrats who enjoy undermining constitutional agreements will be left twiddling their thumbs, no doubt greatly frustrated.

Tues. August 2 - Campaign Day 8

● Bernard Landry and Camille Laurin, two of the PQ's innermost circle, clash over whether to reimpose restrictions on the language used in public signs. The PQ platform that Landry helped draft puts off for a year any changes on signs. But party policy, which Laurin shaped, call for the immediate repeal of Bill 86, the compromise that relaxed language laws and restored English usage on most signs.

● Lucien Bouchard campaigns for the PQ a week earlier than expected. His campaign chief says the Bloc Québécois leader will be under the guidance of the PQ election planners.

From the WALL STREET JOURNAL

July 26, p. A13: "The prospect of a Parti Quebecois victory has rattled financial markets in recent months, helping to weaken the Canadian currency and push up interest rates. Markets rebounded quickly following past episodes of Quebec jitters, but some analysts caution that unsettled conditions could persist if a referendum looms next year."

ERRATA

The last issue showed a box score of standings of all political parties at the dissolution of the National Assembly. It should have read that Equality party and Action Démocratique party each had one sitting member. Our apologies.

V - Currency

A joint currency between independent states requires a co-ordination of fiscal and monetary policy that is virtually impossible. When Czechoslovakia divided three years ago, a common currency, planned for the first six months, lasted only a few weeks. Separate currencies were quickly introduced and a 10% devaluation of the Slovak currency followed. The impact on personal & business accounts was considerable.

VI - The Quebec Equity Market

There is a widely held belief that Quebec stocks have suffered as a result of the current political situation. It's not possible to conclude unequivocally that Quebec stocks have been hurt more than others in Canada. It is evident that many stock issuers are saying that capital has dried up. Stock holders say they have great difficulty finding a market for shares in Quebec firms.

VII - Trade

Trade agreements such as GATT, FTA, NAFTA, the Autopact, etc. will all have to be renegotiated by a separate Quebec. Re-negotiation, by its very definition assumes a lesser bargaining position, resulting in a potentially lesser outcome.

VIII - Public Debt

All Canadians, including those resident in Quebec, helped raise our national debt to more than $400 billion. Quebec's portion would be in the neighbourhood of $100 billion. The PQ has been suggesting it could walk away from that debt if it does not get the terms it wants in an association following sovereignty. Now comes the news that traders expect bonds from an independent Quebec would sell well because a premium interest would have to be paid. That payment comes from the public treasury.

IX - Employment Questions

For historical reasons, Quebec has a disproportionate share of older technology industry. Canadian industry is paying a high price in layoffs to make the transition to new industries. A separate Quebec can expect greater job disruption. Widespread government assistance will be needed in greater proportion than is now the case. The Quebec government will have a lesser tax base to fulfill that need: so, there will be higher taxes.

X - Standard of Living

Private polling shows that 13% of Quebecers think that their standard of living would improve in a sovereign Quebec. Half those who back the PQ in the same poll would not support the PQ if it meant a decrease in standard of living.

This basic inconsistency may be at the heart of the dilemma faced in this election. The correlation between the projected drop in standard of living and the advent of a separatist Quebec has not received public attention, despite the PQ assertion that it will happen.

QUOTE OF THE CAMPAIGN WEEK

In Le Quotidien du Saguenay-Lac-St-Jean, editorialist Pierre Bourdon writes that Canadians must be scratching their heads as the federal government stays out of the Quebec election while the Bloc Québécois plunges in.

" It goes without saying that this is a peculiar situation. Paid by Ottawa (with our tax money, no less), the Bloquistes, who have sworn allegiance to the Queen, will spare no effort to get the PQ elected so they can pursue the destruction of Canada."